

The Co-operative Bank plc

31 July 2015

Outsourcing of Mortgage Operations

Further to a non-binding heads of terms agreement on 11 November 2014, The Co-operative Bank plc ("the Bank") has today (31 July 2015) committed to enter into agreements with Capita, with effect from 1 August 2015, in relation to the outsourcing of its mortgage processing services for all of its residential mortgage portfolios.

As part of the transaction, Western Mortgage Services Limited ("WMS"), a wholly owned subsidiary of the Bank will be acquired on 1 August 2015 by Capita Asset Services (UK Holding) Limited. This includes 327 WMS employees. WMS will simultaneously enter into a master services agreement with the Bank and certain Bank subsidiaries, under which WMS will service the Bank's mortgage processing and administration operations. The terms of this agreement will comprise the servicing of more than 200,000 mortgage accounts and £20bn of lending. As a result the employment of approximately 380 Bank staff currently servicing the mortgage portfolios will move to WMS, which will be part of Capita.

WMS will continue to service third party portfolios previously serviced by WMS directly or indirectly under the Bank's ownership through different contractual arrangements, including Warwick Finance Residential Mortgage Number 1 PLC.

The Bank's secured funding programmes impacted by the transaction include the Covered Bond Programme and the Leek and Silk Road RMBS Programmes. For each programme issuance, the original servicer or administrator (being, in each case, either the Bank or a subsidiary) remains servicer of record and liable for the performance of the servicing obligations. In each transaction the Bank or the relevant subsidiary has sub-delegated elements of the servicing to WMS, but remains responsible for the provision of servicing to the relevant transaction.

Investor enquiries:

Jonathan Berger, Head of Investor Relations: +44 (0) 7595 567 502

Media enquiries:

David Masters: +44 (0) 7825 427514

Laura Hastings: +44 (0) 7768 790 752

About The Co-operative Bank

The Co-operative Bank plc provides a full range of banking products and services to almost 5 million retail and SME (Small and Medium Sized Enterprises) customers. The Bank is committed to values and ethics in line with the principles of the co-operative movement. The Co-operative Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Co-operative Bank plc customers are protected by the Financial Services Compensation Scheme (FSCS) in the UK.